

Statement of Chairman David McIntosh
Subcommittee on National Economic Growth,
Natural Resources, and Regulatory Affairs
on
“Kyoto Protocol: Is the Clinton-Gore Administration
Selling out Americans? -- Part V”
July 15, 1998

Today, the Subcommittee is conducting its fifth hearing on the potential impact of the Kyoto Protocol on American citizens, American businesses and labor, the U.S. economy, and U.S. energy markets. At prior hearings, we heard from citizens, elected officials from state and local governments, business and labor leaders, and economic experts who believe that this treaty, which the Clinton-Gore Administration negotiated in December 1997, could potentially have very serious economic consequences for Americans.

The Kyoto Protocol commits the U.S. to reducing greenhouse gas emissions 7 percent below 1990 levels within the timeframe 2008 to 2012 -- about a 550 million-ton reduction. To meet this target, experts project that we will have to decrease energy use by 40% or more. Let me point out that, even if we stopped operating every car, truck, boat, train, and airplane in this country, the energy savings (458 million tons) would not be enough to meet the requirements of the Protocol.

Moreover, while the treaty imposes onerous requirements on the U.S. and other industrialized countries, it exempts developing nations from any new commitments, regardless of their economic development or the quantity of greenhouse gases they emit. Huge emissions producers like China, India, South Korea, Brazil, and Mexico are totally excluded.

At our hearing on May 19, 1998, Dr. Janet Yellen, President Clinton's principal White House economic adviser, assured my Subcommittee that the costs to Americans of complying with the Kyoto Protocol would be "modest." According to the Administration's calculations, it would only cost one tenth of one percent of projected GDP in 2010 -- about \$7 to \$12 billion dollars per year -- with an emissions price in the range of \$14 to \$23 per ton of carbon.

To reach these rosy projections, Dr. Yellen used unrealistic assumptions that the Clinton-Gore Administration will be able to convince other countries, including developing nations, to agree to participate in an unrestricted, global emissions trading system that they now firmly oppose, and that the system will work as efficiently as the New York Stock Exchange. She also neglects to recognize the Department of Energy's own conclusion that it will require "luck" to reach energy efficiency goals in the transportation sector that will be necessary to meet the Kyoto targets.

In contrast, at our April 23, 1998 hearing, WEFA, Inc. economist, Dr. Mary Novak, testified that the Kyoto target for the U.S. could not be met without significant increases in energy prices. Dr. Novak predicted that the Protocol would result in a loss in GDP of 3.2

percent, or \$300 billion. In addition, the U.S. would lose 2.4 million jobs. Gasoline prices would rise 65 cents per gallon and industrial gas and electricity prices would double. This translates into an increase of about \$2,700 more annually per household for energy and other products.

The real question before us is whether this Administration intends to rely just on "luck" or whether it will analyze thoroughly the risks that the U.S. would face if the Kyoto Protocol is implemented. This hearing will examine what it would mean for the auto and trucking industries and workers if the Clinton-Gore Administration proceeds with the signing of this treaty.

First, let me say that on one thing there is definite agreement by all -- business, labor, Congress, and general public: we should use the best information available to make decisions on global warming policies.

Therefore, it is amazing that the White House has been unwilling to disclose to Congress information and analyses to justify the President's request for a huge increase in funding (+\$6.3 billion) for its climate change agenda and to support fully its policy positions about this major initiative. In the tradition of former Chairman John Dingell, we asked a lot of questions and requested the Administration to share with us a lot of key documents. But, unlike prior Republican Presidents' responses to Chairman Dingell, the Clinton-Gore Administration has stonewalled our efforts, and Chairman Burton has so far issued three subpoenas to obtain key documents. As the chart shows, the White House continues to delay production, even in response to subpoenas. To see additional key documents, we may be forced to issue subpoenas to other EOP agencies, such as the Council on Economic Advisors, and other executive branch agencies.

What are President Bill Clinton and Vice President Al Gore hiding and why? The Administration's stonewalling is simply incredible, unprecedented, and just plain unacceptable.

At today's hearing, we will hear from labor and business that the Kyoto Protocol spells "All Pain and No Gain." By imposing onerous requirements on the U.S. and exempting such so-called developing countries like South Korea, it is clear that the Protocol is essentially an economic agreement, not an environmental one, that will allow unrestricted developing countries to grow at great expense to the U.S. economy, its industries, and its workers. This is certainly a novel approach to foreign aid.

This treaty will also stand in the way of technological progress. Far from the Administration's rosy predictions, deployment of new technology through the joint government/industry Partnership for a New Generation of Vehicles (PNGV) is not going to meet the U.S. Kyoto targets and timetable. In fact, the Kyoto Protocol will divert limited resources from the development of such superior technology into short-term fixes that will have significantly less environmental benefits.

We have to make sure that the Administration does not jump the gun on Congress and implement the Kyoto Protocol through the back-door. While Under Secretary of State Eizenstat has repeatedly disavowed any intention of the Administration to implement the treaty without it first being ratified, these protestations of innocence just don't square with the Administration's actions.

Appropriations restrictions have now been proposed in both the House and Senate to put the breaks on such back-door actions. I believe that a government-wide appropriations legislative restriction to prevent back-door implementation of the treaty prior to Senate ratification is essential. In our hearings, both labor and business witnesses have expressed support for such a government-wide legislative restriction. We have to pass these measures and say to Al Gore and Carol Browner, we have a United States Constitution, and we will not allow you to make an end-run around fundamental democratic procedures to advance your radical social engineering.